



Fauquier County Government and Public Schools

403(b) & 457(b) Presentation

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Present Environment

- Employees are not saving enough for Retirement.
- Employee assets, historically, have been poorly allocated.
- Participants are asked to make too many decisions in deciding to participate in a 403/457(b) Plan.
- Studies have proven the more choices a plan has, participant rates drop.

Present Environment

- Fees are coming under increased scrutiny
- Very little oversight of process
- No opportunity for “leverage”
- New 403(b) Regulations have given more responsibility to the Government and Public Education market.

FCGPS Statistics

403b/457b programs

- 2,400 FCGPS employees eligible - 830 participate. (approximately one out of every three employees)
- Public Schools currently has ten (10) vendors with two (2) “grandfathered” vendors
- Government has two (2) vendors
- Contributions approximately \$3.6M out of a total payroll of \$103.2M
- Total combined assets are in excess of \$24M.

FCGPS Statistics

403b/457b programs

- The most assets any one vendor has is approximately \$6.5M
- No set requirements for on-site visits
 - little or no coordination of communication
 - little or no educational opportunities to the employees
- Average fund/overall expense on current vendor programs is high
- Little oversight of program

Procurement Process

- Solicited qualified vendors to bid on both the Tax Shelter Annuity and Employee Deferred Compensation Plans
- Goals:
 - A broad range of investment options with a proven ability to outperform a majority of their peers
 - Experience in handling programs like ours
 - A competitive cost structure
 - Ability to effectively communicate and educate our employees through methodical and effective approaches
 - Aid in compliance with current and future legislative or regulatory issues

Procurement Process, cont.

Proposals were received from:

- AIG VALIC
- ING
- AXA Equitable
- ICMA
- Wachovia Retirement
- Old Dominion Insurance and Investments
- Edward Jones/CPI
- American Fidelity
- Horace Mann
- Lincoln Financial Group
- Virginia Retirement Specialists

Results

- Committee unanimously chose single vendor vs. multi-vendor for the following reasons:
 - Investments
 - Communications
 - Leverage
 - Costs
 - Compliance
- Interviews of the top four (4) ranked vendors
- Follow-up question responses

Recommendation

- Committee unanimously chose to recommend

AIG Retirement (formerly known as AIG/VALIC)

- Reasons for the decision:

- Experience
- Investments
- Communications
- Compliance
- Costs

Next Steps

- Board Approval, both County and School
- Employee announcement
- Work with AIG Retirement to effectively implement new structure
 - Communication and education
 - Materials
 - On-site meetings
 - Fund selections
- January 1, 2008 Effective Date